

DDSN's FY21 Budget Presentation to the House, 1/15/2020

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Presentation By:

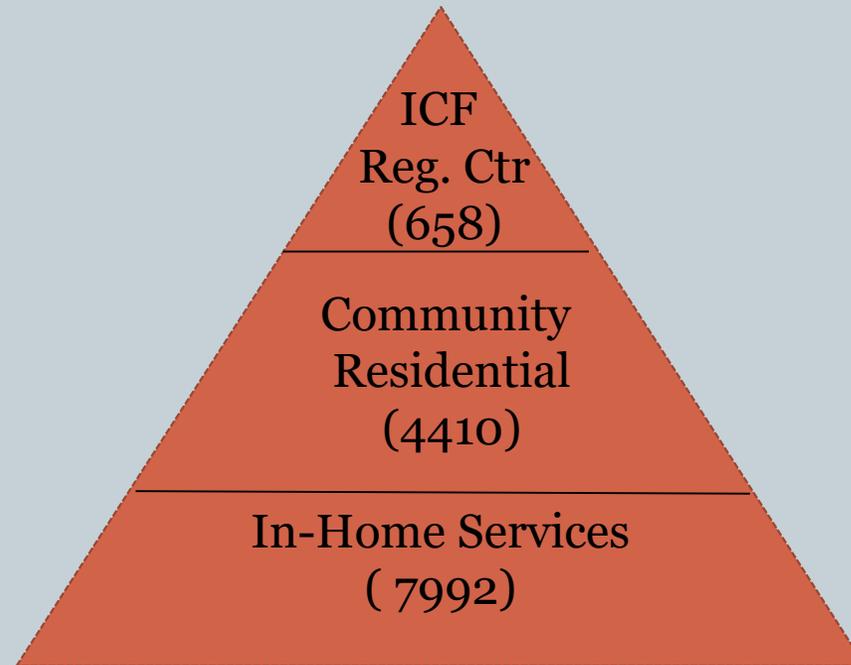
State Director Mary Poole

Who does DDSN serve?

- **Technical Description:** DDSN serves 37,063 eligible individuals with severe, lifelong disabilities, which include Intellectual/Developmental Disabilities, Autism, Head & Spinal Cord Injuries, and related disabilities.
- **From the Heart Description:** Every individual is unique.

Where Do We Serve our Individuals?

- Medicaid ICF & Waiver Services



- State Funded Waivers (125 residential; 202 at-home)
- Early Intervention Services (3089 at-home)
- State Funded Family Supports (4110 at-home)

Serving people with severe lifelong disabilities in their homes with family is best for the person, preferred by families, and is the most cost-efficient service alternative for taxpayers.

The Need Is Greater Than Resources Available

- Inasmuch as Medicaid Waivers are not a Medicaid entitlement service, DDSN maintains a waiting list for each specific waiver (wait times):
 - Intellectual Disability/Related Disabilities (3.7 years);
 - Consumer Supports (2.4 years); and
 - Head and Spinal Cord Injury (no waiting list).
- DDSN has 37,063 eligible for services, while only serving 20,586 in FY19.

FY19 Accomplishments

- Immediate Steps to Address Financial Risks
- Began Implementing Fundamental Management Process Improvements to Improve Efficiency & Effectiveness as well as Fairness & Equity
- Raise the Standards of Consumer Service through Quality Management & Payment System Changes

(see Tab 4 for details in the Annual Accountability Report & Update)

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DDSN FY21 Budget Request Summary

Priority	Program Need	Type	State Funds	Medicaid Match	Total
1	Residential Service Rate Increase	Recurring	\$ 2,900,000	\$ 7,100,000	\$ 10,000,000
2	Respite Service Rate Increase	Recurring	\$ 2,090,000	\$ 5,083,733	\$ 7,173,733
3	Early Intervention Utilization Increase	Recurring	\$ 755,000	\$ 1,018,035	\$ 1,773,035
4	Residential Supports Utilization Increase	Recurring	\$ 807,312	\$ 1,964,100	\$ 2,771,412
5	HASCI Waiver Slot Utilization Increase	Recurring	\$ 430,000	\$ 1,046,141	\$ 1,476,141
6	State Plan Rate Increase for Nursing, Attendant Care, and Adult Day Healthcare	Recurring	\$ 5,135,000	\$ 12,525,000	\$ 17,660,000
7	Post-Acute Specialized Rehabilitation for TBI & SCI Utilization Increase	Recurring	\$ 500,000	\$ -	\$ 500,000
8	Appropriation Transfer from SCDHHS for "First Filled Slots"	Recurring	\$ 762,665	\$ 1,851,888	\$ 2,614,553
	Subtotal Recurring Budget Request	Recurring	\$ 13,379,977	\$ 30,588,897	\$ 43,968,874
9	Electrical Grid for Coastal Center	Non-Recurring	\$ 1,500,000	\$ -	\$ 1,500,000
10	Transfer of 65 Legacy State Owned Facilities to Providers	Non-Recurring	\$ 487,500	\$ -	\$ 487,500
11	Greenwood Genetics Center's SC Genomic Medicine Initiative	Non-Recurring	\$ 2,000,000	\$ -	\$ 2,000,000
	Subtotal Non-Recurring Budget Request	Non-Recurring	\$ 3,987,500	\$ -	\$ 3,987,500
	Total Budget Request	All	\$ 17,367,477	\$ 30,588,897	\$ 47,956,374

Priority #1: Residential Service Rate Increase

State Funds	Medicaid Match	Total
\$ 2,900,000	\$ 7,100,000	\$ 10,000,000

- The Mercer Report's residential market rate increase is estimated at \$31.9 million, which is a 12.3% increase on FY 20's estimated costs of \$260 million.
- FY21's \$10 million residential request (\$2.9 million state funds) is a conservative increase based on Mercer Report estimated increase need of \$31.9 million (\$9.6 million state funds). DDSN is hopeful SCDHHS will accept DDSN's recent FY17 Cost Report to increase their comfort to provide additional residential rate increases based on unmatched cost currently in the DDSN delivery system.

Priority #2: Respite Service Rate Increase

State Funds	Medicaid Match	Total
\$ 2,090,000	\$ 5,083,733	\$ 7,173,733

- In FY19, consumers were authorized \$29.9 million in needs-based respite, yet consumers only used \$19.4 million in services (65%). Consumers, mainly by default, primarily relied on family-directed respite, because a majority of respite providers & Boards exited providing this service due to the low rate and the inability to cover the cost of employment.
- Rate increase will increase consumer access by attracting both providers and caregivers to this much need service to sustain families providing natural supports needed to serve consumers at-home.
- We built this rate based on a reasonable wage for the person providing the care and the costs associated with employing that person at that rate. If someone chooses to self-direct the care – the rate would not be as high. This proposed rate is only for providers who employ the respite sitter.

Priority #3: Early Intervention Increase

State Funds	Medicaid Match	Total
\$ 755,000	\$ 1,018,035	\$ 1,773,035

- DDSN has absorbed the past three fiscal years' Early Intervention utilization increases from its base State funding. The annual increase in consumers generated cost increases of 13% (FY17), 18% (FY18), and 30% (FY19). DDSN anticipates a conservative 13% increase in FY21 utilization due to anticipated increase in consumers.
- Absent an increase in funding, DDSN anticipates maintaining the FY21 budget at the FY20 budget level, which would require balancing the anticipated increase in consumers with program service limitations.

Priority #4: Residential Supports Increase

State Funds	Medicaid Match	Total
\$ 807,312	\$ 1,964,100	\$ 2,771,412

- DDSN has 66 individuals on its Critical Needs List (CNL) with a 137 day average time pending of the list.
- This request will provide necessary residential supports and services to 28 individuals with specialized needs: Traumatic Brain Injury (8); young adults with Autism (8); high management behaviors (8); and dually diagnosed with high management behaviors (4) in a new initiative with the Department of Mental Health.

Priority #5: HASCI Waiver Slot Increase

State Funds	Medicaid Match	Total
\$ 430,000	\$ 1,046,141	\$ 1,476,141

- On 7/1/2019, DDSN had 97 budgeted HASCI Waiver slots available, which were funded from prior FY legislative appropriations.
- DDSN anticipates issuing 70 new HASCI Waiver slots in FY20, as well as exhausting the residual 27 funded HASCI Waiver slots prior to mid-FY21.
- As a result, DDSN needs 43 new HASCI Waiver slots to meet the FY21 anticipated increase in consumers or we will require a waiting list for this waiver.

Priority #6: State Plan Rate Increases for Nursing, Attendant Care, and Adult Day Healthcare

State Funds	Medicaid Match	Total
\$ 5,135,000	\$ 12,525,000	\$ 17,660,000

- Based on SCDHHS' consultant rate review, SCDHHS proposed to increase three state plan fee-for-service rates in FY21. Inasmuch as DDSN provides these same services in its waivers, DDSN will need additional funding to support these statewide rate increases.
- The proposed rate increases are: 15% private duty nursing rate increase [\$12.9 million (\$3.75 million state funds)], 5% attendant care rate increase [\$4.4 million (\$1.28 million state funds)], and 15% adult day healthcare rate increase [\$360,000 (\$105,000 state funds)]. An unfunded 5% nursing increase is effective on 1/1/2020.

Priority #7: TBI & SCI Post-Acute Specialized Rehabilitation Utilization Increase

State Funds	Medicaid Match	Total
\$ 500,000	\$ -	\$ 500,000

- The most recent data (2017) indicates South Carolina experiences 2235 traumatic spinal cord and brain injuries annually. The State has graciously state funded time-sensitive post-acute specialized rehabilitation for uninsured and under-insured individuals, which totaled 83 in FY19.
- DDSN requests \$500,000 in FY21 to meet its anticipated increase in consumers.

Priority #8: Appropriations Transfer from SCDHHS for "First Filled Slots"

State Funds	Medicaid Match	Total
\$ 762,665	\$ 1,851,888	\$ 2,614,553

- SCDHHS's contract with DDSN to manage the CS, IDRDR, and HASCI Waivers requires DDSN to pay the state match for all consumers' Medicaid state plan costs. This is an annually recurring appropriations transfer between agencies.

Priority #9: Electrical Grid for Coastal Center

(Non-Recurring Funds -- Capital)

State Funds	Medicaid Match	Total
\$ 1,500,000	\$ -	\$ 1,500,000

- The Coastal Centers' electrical grid requires replacement at an estimated cost of \$1.5 million. DDSN owns and operates this 53 year-old system, which is not compliant with Dominion Electric of South Carolina's standards.
- This capital issue has escalated in priority due to the increasing risk of a catastrophic failure during a widespread power outage due to complete reliance on contractors, rather than Dominion Electric, for repair services.

Priority #10: Transfer of 65 State Owned Legacy Facilities to Providers

(Non-Recurring Funds)

State Funds	Medicaid Match	Total
\$ 487,500	\$ -	\$ 487,500

- The November 2017 Senate Oversight Report recommended DDSN extricate itself from real estate holdings (65 properties) and discontinue future real estate partnerships with providers.
- Given these buildings are some of the oldest in the system, DDSN proposes to grant \$7500 with each property to providers to facilitate this negotiated transfer of ownership and maintenance responsibility.

Priority #11: Greenwood Genetics Center - South Carolina Genomic Medicine Initiative

(Non-Recurring Funds)

State Funds	Medicaid Match	Total
\$ 2,000,000	\$ -	\$ 2,000,000

- This initiative will have a transformative impact on the Greenwood Genetics Center, the state, and the provision of personalized medicine for South Carolinians. The initiative will combine clinical care, a “multi-omics” technological approach, and big data/machine learning to create a powerful and unique resource serving patients, healthcare providers, and state agencies.
- This is the second \$2,000,000 investment request for a five year \$10 million plan.

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Proviso Requests:

- DDSN is not requesting any new provisos.

- DDSN requests continuation of all prior year provisos, which are:
 - 36.1. (DDSN: Work Activity Programs)
 - 36.2. (DDSN: Sale of Excess Real Property)
 - 36.3. (DDSN: Prenatal Diagnosis)
 - 36.4. (DDSN: Medicaid-Funded Contract Settlements)
 - 36.5. (DDSN: Departmental Generated Revenue)
 - 36.6. (DDSN: Transfer of Capital/Property)
 - 36.7. (DDSN: Unlicensed Medication Providers)
 - 36.8. (DDSN: Child Daycare Centers)
 - 36.9. (DDSN: Debt Service Account)
 - 36.10. (DDSN: Traumatic Brain Injury)
 - 36.12. (DDSN: Carry Forward Authorization)
 - 36.13. (DDSN: Service Providers Expenditure Requirement)
 - 36.14. (DDSN: Beaufort DSN Facility)

Questions?

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FY19 Major Steps to Improve (1 of 3):

- Establish fair, market based service rates to sustain a healthy service delivery system. The Mercer Report and DDSN cost reports support an estimated \$31.9 million residential rate increase (12.3%), while At-Home and Day Program rate analysis are still in progress.
- Identified lack of band rate management generating at least \$20+ million in potential Medicaid unmatched system costs, which could potentially justify SCDHHS rate increases and an equivalent in Medicaid matched funded dollars.
- Identified 102 residential consumers served with state funds (\$5,851,841/year) due to lack of Medicaid eligibility. Initiative enrolled 12 to date resulting in an annualized state fund savings of \$687,611, which can be leveraged into \$2.29 million in new Medicaid services. Initial project target is 50% conversion to Medicaid Waivers, which would save \$2.5 million in state funds and convert to \$8.3 million in new Medicaid services. Additional saving will take longer to unwind, but achievable.
- Developed Partnerships with Sister State Agencies, to include DSS, DMH, DOE, and DHHS.

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FY19 Major Steps to Improve (2 of 3):

- Converted from capitated payments to fee-for-service model for Waiver Case Management (WCM) and DSN Board Early Intervention (EI) produced the following results: 1) incentivized billing/service efficiency with a 129% and 100% increase in billable services in WCM and EI, respectively, at a taxpayer cost equal or less than in the capitated model; and 2) DDSN saves \$4.7 million annually in state funds supplementing the flawed capitated band model for these two services.
- Reversed many years of declining direct support personnel (DSP) at Regional Centers through targeted recruiting and proactive management resulting in a net 13.7% increase in DSPs in calendar year 2019. Most notably, the Whitten Regional Center staffing has increased from an unsustainable 69% staffing level in February 2019 to 81% in October 2019.
- Eliminated \$1.35 million in marginal value non-service contracts and currently reforming \$635,000 in contracts to improve cost/effectiveness.
- Addressed over-reliance on state funded settings to place consumers, particularly secured locked facilities, which yielded approximately \$1 million/year in net savings and higher quality conditions for consumers in community residential settings.

FY19 Major Steps to Improve (3 of 3):

- Addressed Individual Employment Program inefficiencies through program management and training, which reduced waste by 23% equating to \$700,000 in FY19 cost savings.
- Addressed lack of a systematic personnel management program by implementing the State's Employee Performance Management System.
- Established a new work unit to co-locate all waiver services and standardized all corresponding business functions to transition to a higher financial risk fee-for-service model. Additionally, plan being executed to address Quality Management deficiencies with increased resources, technical expertise, and a value-added approach to stimulate system-wide improvement.
- Established an Enterprise Performance Management System to create "actionable" insights into operations and performance benchmarks. Recurring, accurate, and reliable information is required for managers to proactively manage, as well as serve as the long-term foundation to establish a continuous improvement workplace.